



SPEECH

OF

HON. S. H. HOLMES,

PROVINCIAL SECRETARY,

ON

RAILWAY CONSOLIDATION,

DELIVERED IN THE

HOUSE OF ASSEMBLY

OF

NOVA SCOTIA,

On January 26th and 27th, 1882.

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Hon. PROV. SECRETARY moved the second reading of the bill for the Consolidation of the Nova Scotia Railways, and in doing so spoke as follows :

In accordance with the announcement made yesterday I beg to move the second reading of the bill for the consolidation of the Nova Scotia Railways. I may say that the importance of this act has not been exceeded by that of any measure introduced into the Legislature of Nova Scotia since Confederation. It is important in a great many respects. The amount of money that it proposes to deal with is very large—larger than was ever dealt with in any measure submitted to this Legislature, for it involves the expenditure of at least ten millions of dollars. It is also important in regard to the interests which it is intended to effect, because its object is to consolidate all the railways of Nova Scotia under one management with the view of making them more efficient in regard to the services they will confer upon the public, as well as to make them more remunerative to those operating them. Everybody will admit that the system of railroads at the present time in Nova Scotia is very incomplete, and that notwithstanding the very large sums of money that have been paid from time to time from the Provincial revenues, they have never yet yielded an adequate return for the public outlay upon them. If by any means their usefulness may be increased, and larger benefits received from them it will certainly be a very great advantage to the Province, and that is the object which the Government have endeavored to accomplish in bringing down this measure. The history of railways in Nova Scotia is a very interesting one, and it will be to some extent necessary that I should refer to that history in order the more easily to make my explanations of the present measure. Of course, the history of our Provincial railroads before Confederation is a very simple one. All the railroads that were in existence when the British North America Act was passed had been built by Provincial subsidies, and as Provincial works. Before the time of the passage of the Act of Union another railway, that of the Windsor and Annapolis Railway Company, had been subsidized and was in process of construction. When the Provinces were united all the railways belonging to the Government of Nova

Scotia passed over to the Dominion Government, therefore there remained in the Province only one railway which did not pass under the control of the Dominion. Since the union of the Provinces the history of railroads in Nova Scotia is one of more interest, and I may say is more disastrous. The revenues that were left to the Province of Nova Scotia were from their nature limited, and it is very doubtful whether it was proper for the Province to have engaged in the building of railways at all, because the sum placed at the disposal of the people for local purposes was not put there for the purpose of building railroads, but for the purpose of providing for other local works which were enumerated in the Act of Union. It is true that the Province received power to subsidize what were called local railroads, but unless there were very strong reasons for building them, and a certainty that they would prove remunerative, and would not draw too extensively upon the revenues of the Province, it is evident that the voting of such subsidies must be a very unwise proceeding.

Now, the first direct effort, I may say, that was made to construct railways, was made in the year 1872, when a resolution was introduced by the then Prov. Secy., Hon. Mr. Vail, providing for the construction of the railway from Yarmouth to Annapolis, and also from New Glasgow to Antigonish, and from Spring Hill to Parrsboro'. The Resolution introduced upon that occasion provided that for the Western road a certain sum of money, with a certain number of acres of Crown Land, should be given. For the road from New Glasgow to Louisburg, there was to be given a grant of land, and also an amount equal to one-half the royalties which would be received from the coal mines in the Island of Cape Breton for forty years. For the Spring Hill and Parrsboro' road a grant of land was made and a sum of money provided. Nothing was done under this Resolution, but very shortly afterwards other measures were introduced which resulted in placing these works in the hands of Companies, as I shall further on more particularly explain. I may state that at the time the Resolution was introduced, to which I have referred, a very long discussion took place in regard to the policy which the Province ought to pursue in regard to these railways, and there was a very great diversity of opinion upon the subject. I was a member of the House at that time myself. It was the first time that I had the honor of a seat, and I will, with the permission of the House, briefly refer to a few observations I made on that occasion. An amendment was introduced by the Hon. James McDonald, who was at that time a member of the House, and in discussing the subject, the views of many of the members of the House, were put forth at great length. I wish to draw attention to the fact, that, on that occasion, the position in which we are placed to-day was very forcibly pointed out, and there was then an outline given of the manner in which it was thought best that the Provincial railways should be aided by the Government. On that occasion my remarks were thus reported in the official report of the debates: "He thought that sufficient aid could be given to enable a Company to build a road, and that it might be provided that when the road became a part of the great International railway across the Continent, the money advanced by the Province of Nova Scotia should be returned, in order to be employed in its own legitimate purpose—of constructing in the Province works that were of a strictly local character."

In that statement there is to some extent an outline of the policy which the Government on the present occasion are submitting for the consideration of this House, because we are about to make use of the road which from its importance and valuable character and from the nature of the interests we have since acquired in it can be used for the purpose of obtaining money to be applied to the objects which are more required by the Province. As I have already mentioned various Acts were introduced into the Legislature which resulted finally in giving to the Company which undertook to construct the railway from Annapolis to Yarmouth the sum in the first instance of \$6,000.00 per mile which was subsequently increased to \$8,000.00, with a land grant of 150,000 acres. And also in order to aid that Company the Dominion Government made it a gift of the railway known as the Windsor Branch, extending from the Town of Windsor to Windsor Junction. I need not refer to the Spring Hill and Parrsboro' road more particularly than I have already done as that road is not embraced in the arrangement which I am submitting. After various efforts the railway known at the present time as the Eastern Extension from New Glasgow to the Strait of Canso was contracted for, and the Company contracting was to receive a subsidy of \$8,000.00 per mile in round numbers. The real amount was indeed a fraction less than that, but for convenience I would name that as the sum. It was also to receive a land grant of 150,000 acres, and from the Dominion Government the railway known as the Pictou Branch, extending from Pictou to Truro.

Under these acts and under these contracts, these railways were commenced. The people of Yarmouth, as I have often said, to their credit, have themselves taken a large interest in this railway extension, its capitalists investing their money in shares and the township of Yarmouth also taking stock in the company to the extent of \$100,000. The work on that road thus proceeded, changing hands, I think, once or twice, until at length the whole subsidy granted by the Province of Nova Scotia was drawn, at which point all operations ceased, and it was alleged by the Company, and perhaps not without some truth, that the reason of that cessation and of their inability to proceed with the work was that the title under which they had received the Windsor Branch was made the subject of litigation, that Branch being an asset upon which they depended, and which formed a part of their calculations when they undertook the construction of the road. The consequence to the province was that some \$700,000 was drawn from the public treasury while the road remained unfinished,—without a single mile being operated, no trains were running over it and it was utterly and perfectly useless in every respect.

There was another railway also in the western part of the Province provided for, commencing with a subsidy of \$4,000 per mile, which was gradually increased by a process of shortening the road until it amounted to \$6,000 per mile, besides a land grant of 150,000 acres. Operations were commenced upon that road, but the contractors did not proceed far when some dispute arose between themselves and the Government of that day, and they abandoned the work and went to the United States. Subsequently another party undertook to complete the work and continued his operations for a short time when he also coming to some misunderstanding with the Government, in regard to the method of drawing the subsidy was compelled to abandon the work and left the

country. In both cases the contractors left laborers and persons who had furnished supplies unpaid.

The eastern railway was commenced in 1876, and its progress was continued until the fall of 1877, when by reason of some misunderstanding between the company and the contractor with whom they had agreed to build the road and perform certain other works, the operations upon that road were also brought to a stand still, and certain legislation was applied for by the company who owned the road, for the purpose of enabling them to issue bonds different from those provided for under the charter under which they professed to be proceeding. The matter was brought up in this Legislature and referred to a committee, and the result was that the investigations of the committee disclosed the somewhat serious fact that the legislation in respect to that important work was so imperfect that the provincial interests were imperilled, and the securities which had been given to the Government for the completion of the work were found to be practically worthless. Yet the Legislature of that day,—not the present Legislature,—in giving the legislation required at that time, although they were made aware of the very serious and fatal defects which existed in the organization of the company, took no steps whatever to remedy those defects, and so matters remained in that unsatisfactory condition through a large part of that year until about the middle of the summer, when some arrangement was made between the contractor, the company and the Government, and operations were temporarily resumed for a short time. The whole amount of money that had been expended by the Province at the time of which I am now speaking was very great; in fact the funds at the disposal of the Province were completely exhausted.

I now come to a point at which I wish to present a view of the position in which the present administration found the public affairs when they came into power, with regard to the railways of the country. A demand was made by the Eastern Extension Company, the Halifax and Cape Breton Railway and Coal Company, for a large amount of subsidy very shortly after the present Government came into power. The Government requested their law officer, the Attorney General, to make an examination into the constitution and organization of the company, and his report was that the company was not legally organized and therefore it would not be safe to pay them any money. This decision was communicated to the parties representing the company, and they were also told that as a company they could obtain nothing, but they were willing to recognize the original contractor, Mr. Abbott, and would pay him the money to which he was entitled, under the contract, when he furnished the security which had been vitiated by the illegal act of the company, and which would be satisfactory to the Government. That of course so far prevented operations going on any further in respect to that road.

With regard to the Nictaux railway the same demand was made by the parties engaged in constructing it. Mr. Best, who came to this Province, made a large demand for subsidy, and a similar investigation was held in that case into the condition of that company, and the manner in which the subsidy was paid out. That examination showed that according to the way in which the subsidy should be paid, the company had been paid to the full extent of the work done, that there were bills outstanding against them for labor and supplies amounting to \$20,000.

The Government, therefore, decided that they would advance the company \$20,000 for the purpose of paying laborers, and parties who had furnished supplies, because if that had not been done, those men would be without their pay altogether. The sum of \$20,000 was therefore put in the hands of an agent of the Government, and from his hands was paid to the various parties who had claims against the company for work done and materials provided.

As to the Western Counties Railway, at the time when the present Government came into power there had been two years during which no work whatever had been performed on that line, and it was lying in the same useless and dilapidated condition which I have already described. It will therefore be quite evident that the prospect for our railways as it appeared to the Government at that time was not a very encouraging one. But there were other difficulties also which affected the question of our railways. The Province was in a very serious condition financially. The examination into the subject recalled the fact that the annual revenues of the Province were diminished from what they had been during the preceding four years by no less a sum than \$200,000 a year. When we reflect that the whole revenue of the Province had been about \$650,000, it appeared to be a very serious thing that so large a sum as \$200,000, nearly one third of the whole revenue, had been lost to the Province. There were also obligations that the Province had to fulfil. It was found that at that time the sum of \$2,000,000, which in 1875 stood to the credit of the Province or Debt Account at Ottawa, had been nearly all drawn out, there remaining undrawn only \$420,000. It was also found, in addition, that the Province was in debt in the sum of \$350,000. There were then existing upon the Statute Book liabilities for the construction of the following railroads—viz., the subsidy payable to the Nictaux and Atlantic Railway; of which there remained undrawn about \$350,000; and of the Eastern Extension subsidy the sum of \$220,000. There were also acts providing for the construction of railways in Cape Breton, requiring subsidies amounting to \$550,000, and when we add to these amounts the sum of \$350,000, the Provincial debt, already alluded to, a very large liability was found to rest upon the Province, partly in the way of actual debts and partly in liabilities for railroads, the construction of which was provided for by acts of Parliament, the total liability amounting to \$1,480,000; and all that we had to the credit of the Province to meet it was \$420,000, undrawn on debt account. This left the Province in debt, for actual liabilities and liabilities to arise out of railways, provided for by statute, to the amount of \$1,060,000, thus rendering the condition of our railways a far more serious matter for the Government than it would have been had the Government found the Province in a good financial position, which would have enabled them to go on and complete the system. But with these large liabilities, with the Province heavily in debt, and with no funds at our disposal, the prospect was certainly very hopeless and gloomy.

I have now drawn your attention to the condition in which we found these roads when we came into power, and also to the condition of the Provincial finances. The House will recollect also, that, although these large sums of money had been paid for the construction of railways in Nova Scotia, and provided for railways in Cape Breton, the Province itself did not, at that time, possess any interest whatever in these rail-

ways, the subsidies to which I have alluded being, in every case, presents made to the companies, the railways being entirely their own property. Very shortly after the Halifax and Cape Breton Company had made large demands for subsidy, to which I have referred, and which they claimed to be then due to them, the Government took the matter into consideration and caused an examination to be made into the condition of all the railways in the Province by the Provincial Engineer and other parties competent to form a judgment. I have already described in some measure the condition in which the Western Counties Railway was found as regards its progress towards completion and the character of the work done. It became necessary, therefore, to provide some way in which these railroads, after having been commenced and partially constructed, should be completed, and I will very briefly direct the attention of the House to each of these railroads and state what was their condition, and in doing so I am quite well aware that it will be necessary that I should repeat what I have perhaps said before, but I hope the House will indulge me if it is necessary, because otherwise I cannot very well give a connected account of the railway policy of the government. With regard to the Eastern Extension, it became quite evident that there should be some amending legislation before the Province could with safety proceed with the construction of that road, and the Hon. Attorney-General and myself proceeded to Ottawa, where we had a conference with the owners of the road and the Dominion Government, the result of which was that we agreed to pass the legislation necessary to place that Company in a legal position, and it was agreed that we should receive in return certain securities which had been vitiated by the proceedings taken before that time, and also that we should get better and more certain security for the completion of the work and the efficient working and management of the railway after construction than had existed at any time before. The result was that we agreed to put the Company on a sound legal basis and also to legalize what they had already done. In return for which we obtained the concession on their part that they were not to ask for the Pictou Branch Railway until they had completed and finished their railway from New Glasgow to the Strait of Canso. By the previous contract when they had expended the sum of \$400,000 they were entitled to demand the Pictou Branch, and they had claimed that they had expended that amount and had made a demand for the Branch long before we came into power. We also further provided that after the road was built and completed, if they did not work it efficiently the road with all its appurtenances from the Strait of Canso to Truro, should revert to and become vested in the Government free from any encumbrance as a forfeiture. We provided therefore not only for the building of the road by the improved terms we obtained upon that occasion, but also for its effective operation afterwards, and the result was that legislation was entered into to carry out the contract, and operations were resumed upon the road. By the terms of the contract they were required to have the road completed by the 4th April, 1880, but the Company did not in the view of the Government exercise that diligence which they should have done during the summer of 1879, because after receiving the amending legislation from the Province of Nova Scotia there was ample time for them to have completed the road before the spring of 1880, and that they

had not done so was their own fault. The amount of work that remained to be done was not very great, and it could have been done in much less time than they then had at their disposal, but for some reason or other unknown to the Government they allowed one or two of the best months to pass away without doing anything, and operations were not continued with that degree of speed which the province had a right to expect. They then applied for an extension of time, but the Government did not concede them that extension except upon terms which I shall very briefly allude to again.

I must now for a moment turn my attention to the Western Counties Railway. That road had been for two years previous to our coming into power in a state of decay—nothing had been done upon it—not a pick had been raised, I believe, at any rate no work had been done worth speaking of, and we considered it a very serious thing that \$700,000 of provincial money should have been invested in a work which was yielding no benefit to the public. We thought it wise that we should arrange that the Government should be authorized to make advances of its credit to that Company, on receiving such securities for getting the line into operation, and after very serious deliberation the Government decided that it would be in the interests of the Province as well as of the Company to advance the credit of the Province to that Company to the extent of £55,000 stg., for the purpose of completing the road, taking a first lien and mortgage with powers of sale as security that the Province would not be called upon to pay the interest upon the guarantee loan, and if it was called upon to pay that interest the Government should foreclose the mortgage and sell the line. In addition to that, the Government took a large portion of the bonds which had been issued covering that portion of the road known as the Windsor Branch. We did so in order that we might be enabled to have a controlling voice in respect to that portion of the Western Counties Railway property also. Thus by having the entire control of the western division by means of our mortgage and a controlling influence over the Windsor Branch, we were able to control the whole Company. Under this legislation the Company proceeded to complete their line, perhaps not perfectly, but they completed it from Yarmouth to Digby in such a manner as to enable them to run trains from one port to the other, using steam connection between Digby and Annapolis, which was a very great advance in getting the western part of the Province connected by railway with the centre. It therefore appeared that up to this time the country was virtually getting back again some interest in, and control over those railways over which they had no control whatever when the present Government came into power.

The Western Counties Railway were not able to pay their interest as it accrued, and the Province had to pay it. It was quite evident that under the existing state of affairs the Western Counties Company would never be able to pay it. The principal shareholders acknowledged their inability to go on with the road as they could not raise the necessary funds, at all events until the lawsuit pending between them and the Windsor and Annapolis Railway Company was decided and unless it was decided in their favor. It was a rather serious lookout for the Province to be called upon to pay that interest, and it became necessary to see if that responsibility could not be avoided in some way. By that time, as already mentioned, the Eastern Counties Railway Company,

that is, the Halifax and Cape Breton Company, made a demand for an extension of time, and in view of the disastrous condition of affairs, especially as regarded railways, and also the financial condition of the country, the Government began seriously to consider whether it was not time if possible that they should devise some means of extricating the Province from these difficulties both in respect to its finances and the railroads. For that reason they declined, when the Eastern Extension Company asked for an extension of time, to grant it until they should look further into the matter. The result was that finally the extension of time was granted, but upon such conditions that the Province reserved to itself the right to resume possession of that road, if at any future time any arrangement should be made by which it could be utilized in improving the financial condition of the Province. A Minute of Council to this effect was passed which has been read in the presence of the members of this House, upon which afterwards there was founded an agreement between the Company and the Government. The main features of the contract were that within two years after the completion of the road the Province should have the right to take back* from the Halifax and Cape Breton Railway Company by paying them their actual outlay in cash exclusive of all subsidies which the Province had given the railway, and also exclusive of the Pictou Branch. There were other features of the agreement that I need not refer to, but they all looked to the same object. Under this new agreement the Company proceeded to finish the road. I can hardly say that it is finished yet. In part it is not; and the certificate of completion has not yet been granted to the Company because on the last examination by the Provincial Engineer it was not found to be completed. I think we have still two years in which this road may be taken over upon those terms. During the summer of 1880, after this Minute of Council was passed, no further progress was made with the Western Counties Railway, and during that summer it became a subject of consideration with the Government what would be the best policy to pursue in respect to these railways, and a report was made by the Provincial Engineer in reference to their cost and their condition, and with a view of ascertaining whether the interests possessed by the Government, and to which he had referred were worth anything, and whether it was worth while to retain those interests, because the time would soon arrive when those interests would pass out of the hands of the Government, especially in the case of Eastern Extension, the rights of the Government with respect to which would cover two years after its completion. The Government had therefore to consider whether it would not be a wise thing to seek for a consolidation of the railways. In looking at their past history we found that none of them had been successful financially, because they were worked by separate Companies, and in some cases at a very great disadvantage. Companies which owned lines connecting with one another refusing to allow the cars of one Company to pass over the line of the other, and refusing to grant mutual privileges with respect to traffic arrangements, so that the roads were unremunerative and the public was ill served. Great inconvenience was thus caused, particularly to the Western part of the Province, whose trade was seriously embarrassed by the refusal of the parties controlling the Western Counties Railway and the Windsor and Annapolis Railway to co-operate with one another. He thought it hard that after the Province had

given so much money to these roads they should continue to operate them not only to their own disadvantage but to the disadvantage of the Province. The Windsor and Annapolis Railway was also complaining that its railroad was not paying, and it became necessary in the interest of that road, before our accession to office, that they should come to this legislature and obtain the credit of the Province to the extent of £50,000 sterling before they could go on with their road. They stated that unless they could get that loan of credit from the Province in the shape of a guarantee of their bonds, they would be compelled to close their road. Now when a railroad is once built it is the next thing to impossible that for any reason or on any account it should be closed up, and therefore the Province was forced to yield its credit to the extent of £50,000 to the Windsor and Annapolis road. For that guarantee they had no security to offer. Shortly after we came in power an application was made by the same Company for an additional guarantee to the extent of £25,000 sterling, the Company alleging that unless they got this concession they would be very seriously embarrassed, and that the Province would have to pay interest on the £50,000 already guaranteed. The Government refused to guarantee the amount unless they could furnish security to the satisfaction of the Government to protect the public interests. Their reply was that they had no security to give. There was, therefore, a Company that announced itself to be in such a state that it could not carry on its work, and was on the very verge of bankruptcy. We found that the Western Counties Railway was unable to pay its interest, and the Province was called upon year after year to pay interest in London upon its bonds. These two roads in the Western Province were thus in a bankrupt condition, not because there was not trade enough in the country to make them prosperous, but because they were in a disconnected and disjointed condition in which it was impossible to work them to advantage, and they refused to co-operate with each other in such a way as to make their roads remunerative. The Province was therefore in constant danger of being applied to by one or other of these Companies to lend its credit, and lending its credit was almost equivalent in the case of Companies placed in such a condition as that, to advancing the money at once.

The railways to which I have directed attention comprise what may be called the trunk line of the Province, extending from one end of the Province to the other; but there is another railway to which I have referred briefly, the Nictaux and Atlantic road. That railway remained in the condition I have already described. Various applications were made by the company to enable them to go on with the road, but the Government of Nova Scotia never had any substantial guarantee that the parties proposing to go on had the means to carry the work to completion; and until there was such security provided, they did not deem it advisable that the Province should pay out of the remaining part of the subsidy, unless such conditions were imposed that there should be a certainty of the road being completed and efficiently worked after it was built, and that the Province should not be the loser by the transaction.

Under all these circumstances the Government had deemed it wise to communicate with capitalists in the United States, in Canada, and in England, and a circular was prepared, giving a brief description of the

railways, and also an account of their cost, and of the advantage they seemed to offer if consolidated into one system, and operated by a powerful company. The circular was also addressed to the owners of all the railways in the Province, and to parties in New York, whose names I cannot recall, but will furnish to the House at a future time. All the companies owning railways in Nova Scotia were invited to examine into the possibility of consolidating them into one system, and the Government informed them that they were prepared to receive offers for such a scheme.

I ought to have mentioned at an earlier stage that the power of acquiring the Windsor and Annapolis Railway is also in the power of Nova Scotia, because by its charter it was provided that the Government of Nova Scotia by Order in Council might at any time have that road by paying either in cash or in Provincial debentures, its value to be ascertained by three arbitrators, one to be chosen by the Company, one by the Government, and a third by the Secretary of State. It will thus be seen that the Province at this juncture had the power to acquire the road from Truro to Canso by the arrangement I have referred to with the Halifax and Cape Breton Railway and Coal Company, to acquire the road from Yarmouth to Annapolis by foreclosure and sale, and to acquire the Windsor and Annapolis Railway in the manner mentioned. There therefore remained one gap between the two different branches of the system, and in order to make these two railways one, extending from the east to the west in a continuous line, it would be necessary that the province or the company which would undertake their consolidation, should receive from the Intercolonial, running powers from Truro to Halifax. Communications were therefore opened up with the Government, and after some time, running powers were obtained from Truro to Halifax, and in that way the Government were put in a position to deal with the parties with whom they were negotiating, and to place at their disposal all that was necessary to effect a consolidation of the railways. These running powers were obtained from the Dominion Government practically in January of the year 1881, at which time, in company with some other members of Government, I went to Ottawa for that purpose, and obtained the promise of the Minister of Railways that running powers would be granted to the Government, or its assignees. It will be in the memory of the House that shortly afterwards, the Minister of Railways became very ill, and was obliged to leave for Europe. In fact, he became ill before he was able to have an arrangement for the granting of running powers carried out, and that fact delayed action being taken in this House last winter, on this important subject. The House will recollect that the subject was alluded to in the Speech at the opening of the Session, and some further steps were taken in the House. By that time several offers had been received, but none of the parties who had offered, could close with the Government until they had ascertained on what terms running powers could be granted by the Dominion Government, over the line between Truro and Halifax. The negotiations were therefore kept open for that reason. Under those circumstances it was quite evident that the House would be unable to deal with the subject during the Session, and towards the close of the Session, the matter was brought to the attention of the Legislature, and the reasons stated why the delay had arisen, and the following Resolution was unanimously passed by the

House of Assembly. I will read the Resolution, because it conveys the unanimous will of this Legislature, with regard to the course which they desired the Government to pursue.

Whereas, "The Province of Nova Scotia possesses certain interests in the railways hereinafter mentioned, as follows:

"*First*—The right to acquire the railway extending from New Glasgow, commonly known as the Eastern Extension Railway, together with the railway extending from Truro to Pictou, known as the Pictou Branch,

"*Second*—The right to acquire the Windsor and Annapolis Railway with all the privileges and franchises pertaining thereto, according to the provisions of Chapter 18 of the Acts of 1866.

"*Third*—Certain powers of disposing of the Western Counties Railway and all its franchises.

"*Fourth*—The right of acquiring the Windsor Branch Railway and running powers over the Intercolonial Railway, from Windsor Junction to Halifax.

"*Fifth*—The right to acquire the railway extending from Middleton to Lunenburg.

"*And whereas*, negotiations are in progress between the Local and Dominion Governments for obtaining certain privileges on and over the Intercolonial Railway between Truro and Halifax, with a view of obtaining continuous railway communication between the Eastern and Western subsidized railways of the Province;

"*And whereas*, It is desirable to utilize the powers above referred to, with a view to the consolidation of the said railways under one management, in order to ensure their more efficient and economical working, and in order to restore to the Province as large a proportion as can be obtained of the moneys advanced for the construction of the said railways, by a sale of the interest aforesaid;

Be it therefore resolved, That the Government be authorized and empowered to enter into negotiations with any person or persons or corporation for the purpose of effecting a sale of the interests possessed by this Province in the said railways or any of them; and to contract for such sale upon the best terms that can be obtained therefor, having regard for the ability of the contractors to carry out their engagement and to furnish satisfactory security therefor, and to contract for the completion of such roads and any of them, and for the construction and working of a railway on the Island of Cape Breton to connect with the Eastern Extension Railway and ferry at the Strait of Canso. Any contract to be made under this Resolution to be subject to the approval of the Legislature."

That was the policy not of the Government but of this House of Assembly accepted by unanimous vote. Now in consequence of the absence, and illness of the Minister of Railways as already referred to, running powers were not obtained until late in the month of May, when the final arrangement was entered into between the government of Nova Scotia and the Dominion Government, by which, under an Order in Council, running powers were granted over the line from Truro to Halifax. By this time, as you are already aware, an agitation sprang up in the town of Dartmouth with the object of obtaining direct communication with the Intercolonial Railway on the other side of the Harbor by a railway extending somewhere from Windsor Junction into that town. About the same time there was another agitation in the town of Pictou for the purpose of obtaining direct communication between that town and the Intercolonial Railway by land instead of by water. The town of Dartmouth finally voted a subsidy not exceeding \$4,000 for 20 years. I was down at Pictou last summer, and it happened that the Minister of Railways was there also, in fact, as the House will remember, there was an election going on there at that time. The Railway Committee asked for

an interview with the Minister of Railways, and I was also asked to attend. They wished the Dominion and Local Governments to take up the matter and connect them directly with the Intercolonial Railway by land, and they agreed if that was done to relieve the Railway of the working of the ferry between Pictou and the Intercolonial, which cost nearly \$12,000 a year. After discussing the matter for some considerable time the Minister of Railways said that he would be willing to aid that road to the extent of furnishing the railway iron. They asked me what I would do, and I said I could not do anything, and would not do anything in the way of a subsidy, because I thought it was perfectly absurd for Pictou to have two railways at the public expense, when there were other counties in the Province that had no railway at all. But I said that the Government of Nova Scotia were engaged in an effort to consolidate the railways of the Province, and I would see if they would not include in their scheme the building of that road on condition of being relieved of the working of the ferry and getting the railroad iron, as already stated. At the same time I received a telegram from parties representing Dartmouth, and I replied to them that we were engaged in a scheme for consolidation, and if we could succeed in getting that railroad included, without any additional cost to the Province, we would do so. Therefore, shortly after my return from Pictou, I amended the circulars by asking the parties who were making the offers to include in their offers these two lines on the terms mentioned. The result was that we received some tenders, and a contract was entered into, and you will observe that these lines are made optional on the part of the Government. The reason of this was that if they found that Pictou and Dartmouth neglected or refused to grant the subsidies and comply with the conditions, the Government would not wish to be bound; so that, as to these lines, it would be a question of further consideration, and that was the way these railways came to be included in the scheme.

Finally, the Government, after most serious consideration, resolved to enter into the contract which has been laid upon the table of the House. Although it may appear to be a very simple affair in its present form, I can assure you that it is the result of very serious and protracted labor and consideration. I propose now to go into the consideration of the various points of interest to the Province. Before doing so, however, I wish to make a few preliminary remarks on one or two subjects.

The government of Nova Scotia has been charged with being guilty of a very grave offence in conducting these negotiations in secret, in that they did not tell the country what they were doing, what offers were being received, and that they did not take the people into their confidence and keep their political opponents posted as they went along upon every step that was being taken in the negotiations. Now any person who knows anything at all of the nature of such negotiations is well aware that this is pure nonsense, that it would be impossible to obtain a single railway capitalist or moneyed man in the world who would deal with us in such negotiations, if he supposed that his private business was

to be exposed to the criticism of his rivals, that his capital and means were to be questioned, that people were to be invited to pry into the question where he deposited his funds, whether they were in the banks or in what securities they might be invested; and it is perfectly absurd to suppose that any person possessing any common sense could be deceived by any such criticisms. The fact of the matter is that if the Government had pursued the course which those persons recommended there would be no contract, nor will there ever be a contract carried out in the world where such a course is pursued, because it would be utterly impossible. It is entirely inconsistent with the practice and procedure adopted in such matters, and if the parties who make this criticism could show any precedent for such a course, there might be some reason for the complaint that it was not adopted.

Now, there is another point upon which I will just say a word or two, and that is in reference to the charge that the time for the consideration of this matter provided by the contract is too short—I wish to explain how that arose. The contract appears on its face to be dated, and is dated the sixth day of September, 1881. It was signed on that day, but there was a month given at that time before it would be considered as binding on the Government, the reason being that there were certain other parties making offers and complaining that they had not had sufficient time to complete their offers, so that in order to avoid any cause of complaint we gave them an additional month to look further into the matter and make their tender. They did not, of course, know that the contract had been entered into because we could not tell them, but yet we informed them that an arrangement was made, and that if they did not put in a better offer it would be adopted. Therefore the sixth of October instead of the sixth of September was the time when the contract actually took effect. Still it was thought that there would be ample time to enable the House to be called together in the month of December, or at all events not later than the first of January; but in a transaction involving ten millions of dollars it is not to be wondered at that the labor necessary to perfect the organization of the matter in London should take longer than was anticipated, and the fact was it did take longer, and we never felt that we were on safe ground until we found that we had £52,000 sterling in our hands. Then we felt that we might say we had a contract. Still the parties in London required time to organize their company and make arrangements necessary for providing \$5,500,000 and also \$5,000,000 to complete their capital, and therefore the earliest possible date at which we could call the House together was the 19th of January. Even then those representing the Company had not arrived, and did not arrive until three days after the opening of the House. There was therefore no intention in the world that the Government should press this matter through the House with any undue rapidity. And this is also an answer to the complaint as to the secrecy of the negotiations. If at any time until the deposit of the £52,000 was made the Government had thought proper to disclose the contract in the eyes of the world there would be great danger that the rivals of the successful competitors who were dis-

pleased at not obtaining the contract, but whose tenders could not be received because they were not as favorable, might go into the London money market and create such an agitation, even in one day as would perhaps prevent capitalists in London from investing their money and completing the agreement. Suppose that some such articles as appear in the "Morning Chronicle" had appeared in the "Times" or some influential journals, it would very soon destroy the scheme and frighten away capitalists proposing to invest their money. It is not necessary therefore to say another word on those points to expose their absurdity.

The charge of a change of policy is also unfounded. I never proposed that the Government should take all the railways in Nova Scotia and build and run them. It is quite true that at the time when the late Government were providing for the construction of Eastern Extension, I preferred that the Government should take that road and build it itself, rather than pay the immense subsidy that the Government were proposing to pay of \$8,000 a mile, together with 150,000 acres of Crown lands, besides presenting the company with one of the most valuable railways in the Province; the railway from Pictou to Truro, running as it does through a fertile country and through a large mineral district, and I believe that with such large subsidies as these, it would have been a far better policy for the Province to build the road itself than to pay all these subsidies to a company which should own the roads and leave the Province no interest whatever in them. The fact is that the subsidies granted were sufficient to build the road twice over. The result has justified my views and proved them to be perfectly correct, because it is by reason of having got back that property that we can offer to the people a consolidation of their roads, which any man who had ventured to predict three years ago would have been considered a madman.

There is one other little private matter to which I shall allude, and then I shall proceed to the consideration of matters of more importance. It is very rarely that I allude to the newspapers in this house; I do not think it is a proper thing to do usually, because here we have the say pretty much on one side. On this occasion, however, I shall depart from the practice I have hitherto observed, and notice an article which appeared in the "Morning Chronicle" yesterday, and which is repeated in that paper to-day. The "Morning Chronicle," in discussing this railway question, makes the following statements:

"Now, it has come to our knowledge that Sir Charles Tupper has lately changed his views on the subject of the Eastern Railway, that instead of giving up the Pictou Branch to the Halifax and Cape Breton Company, as formerly proposed, or to the Syndicate, as the Local Government now propose, he would like to hold the Branch, buy out the Halifax and Cape Breton Company, pay the Province in cash for its interest in the new road, and make the whole line part of the Intercolonial. We have it on the best authority that Sir Charles has so stated his views, and further, that but for the interference of Mr. Holmes and his wild Syndicate scheme, this would now be the declared policy of the Dominion Government. If Sir Charles Tupper held this view a little while ago, and we are in a position to assert that he did, he would, we presume, hold it again upon the way being cleared by the defeat of the Syndicate scheme."

"The Eastern people have everything to gain by defeating the Syndicate scheme and calling on the Dominion Government to carry on the policy proposed by Sir

Charles Tupper. The Western people also have much to gain, for by the adoption of that policy the Province would receive from the Dominion Government about \$650,000 in cash for its outlay on the Eastern Road. With this money in hand it would be able to grapple with the missing link between Digby and Annapolis and aid a scheme for the consolidation of the Windsor and Annapolis and Western Counties Roads."

"Let the legislators and the people examine this scheme in comparison with the Syndicate's, and judge which is to be preferred. The plan we present as a substitute for that of the Local Government is perfectly feasible, unless Sir Charles Tupper's words were meant to deceive, which Mr. Holmes and his followers will hardly assert."

These are extracts from an article which appeared yesterday morning. This morning the "Chronicle" had the following astounding statement:

"We are in a position to assert that Sir Charles Tupper had, before the appearance of this Syndicate scheme, declared the purpose of the Dominion Government to hold the Pictou Branch, buy out the Halifax and Cape Breton Company, PAY \$650,000 TO THE PROVINCE, and make the Eastern Railways part of the Intercolonial. Defeat the Syndicate scheme and, if we may rely on Sir Charles Tupper's words, the Eastern people, instead of having to depend on the uncertain operations of companies will have the acknowledged benefits of Government railroads."

These figures, \$650,000, are put in large type, for the purpose of making them effective no doubt, on the principle that, when a man makes up his mind to tell a big lie, it is better to put it in big figures. On reading this morning the statement contained in that article, I thought it to be my duty to telegraph the Minister of Railways for the purpose of ascertaining whether or not he had given authority for such a statement. If he ever made such a statement it was unknown to me, as I shall explain further on. I telegraphed the Minister of Railways, quoting the words of the "Chronicle," and he replied to me that there was no authority for such a statement, and referred me to his telegram to the Attorney General. It appears that the Attorney General also had sent a telegram asking the same question, as we had not seen each other during the day, as I have been confined to the house by indisposition. I will now read the telegrams that passed between the Attorney General and the Minister of Railways:—

HALIFAX, 25th January, 1882.

To Hon. Sir Charles Tupper, Ottawa:

Referring to Nova Scotia Railways, this morning's "Chronicle" states that before the appearance of the Syndicate scheme you had declared the purpose of the Dominion Government to hold the Pictou Branch, buy out the Halifax and Cape Breton Company, pay the Province \$650,000 and make the Eastern Railways part of the Intercolonial. Please answer whether this is true or otherwise, and whether we may use your answer or not.

Sd. J. S. D. THOMPSON.

The reply of Sir Charles Tupper is as follows:—

OTTAWA, ONT., 25th January, 1882.

To Hon. J. S. D. Thompson, Atty General:

In reply to your telegram in reference to statements made by "Morning Chronicle" I beg to say that it is quite incorrect—what I said was that I had come to the conclusion that a mistake had been made in the surrender of the Pictou Branch by the Dominion Government, and in case the Local Government did not succeed in

consolidating the provincial railways I would submit to my colleagues the question of taking advantage of the contract made by your Government with the company for taking over the Eastern Extension, by paying the money expended by the company, and making it a part of the Intercolonial, but when applied to by Mr. Holmes, I told him it was very doubtful if that proposal would be entertained, and that it would be useless to propose that a dollar should be returned to the Local Government. You are at liberty to make any use you please of this telegram.

Sd. by order CHAS. TUPPER.

(Applause.)

And now, I had heard Sir Charles Tupper on various occasions state his views in regard to this matter. He did so publicly several times in the County and Town of Pictou. But I am obliged to him for now giving me the opportunity, by allowing this telegram to be made public, to tell you that in carrying out an opinion of my own, that if we could get the Dominion Government to take these railways under their own management and advance the moneys expended in their construction, it would be better even than the great Syndicate scheme, I ventured to put it to Sir Charles Tupper whether he could not take back the Eastern Extension and give us back our money. He said "I will take it into consideration; I think we made a mistake in giving away the Pictou Branch; but we cannot return a dollar to Nova Scotia." He further said that he would not undertake the responsibility of even recommending the building of a line into the Island of Cape Breton by the Dominion Government. Perhaps it was hardly necessary to read these telegrams, because at a public meeting in Antigonish, where a large assemblage met the Minister of Railways and presented an address to him, urgently requesting the Dominion Government to take over the Eastern Extension and the Pictou Branch, and make them a part of the Intercolonial, his reply was that he might now tell them (for I had acquainted him with our success and the deposit of money under the contract), that the plan of the Local Government would be much better for them and the East generally than anything the Dominion Government could do for them. This declaration was publicly made in the Court House at Antigonish, in my presence, and in the presence, I believe, of the Hon. member for Antigonish (Mr. McGillivray).

You will see, therefore, that this effort of the "Chronicle" is a deliberate, and, I cannot characterize it as anything else, most malicious falsehood intended to influence the people in the Eastern part of the Province.

Now there is one other matter to which I shall very briefly refer, apologizing to the House for doing so. Among other schemes devised by the enemies of Nova Scotia to defeat the beneficial arrangement for consolidating the railroads of the province and replenishing its depleted coffers a pamphlet has been published, to which no man has had the courage to put his name, and which bears upon its title page the name of "John Smith." There are a good many John Smiths, and the person who wrote the pamphlet, knowing that if he published his real name, it would probably not have much weight, appears to have concluded that the name John Smith would be better than his own. I do not intend to review this pamphlet, because it is worthless, but as parties ignor-

ant of the facts might be misled by some of the transparent falsehoods with which every page of it bristles, I will refer to one of them. On page 18 the following passage occurs :

"The following figures, which are reproduced from the "Herald," and may therefore be considered inspired, inasmuch as that paper is the advocate of the scheme, are of considerable interest and help to throw a peculiar light on its character and the calculations of its promoters:

"To purchase the right, title and interest of the W. C. Railway.....	\$ 500,000
"To pay off mortgage with provincial guarantee, say.....	1,268,000
	<hr/>
	\$1,768,000
"Amount required to finish the W. C. Railway.....	750,000
"Rolling stock additional.....	100,000
	<hr/>
	\$2,618,000

"The Western Counties Railway is thus estimated to cost the Syndicate to acquire and finish \$2,618,000, in addition to which the money of the province, to the tune of \$700,000, has been sunk in it bringing up the nominal value of this road to upwards of \$3,300,000."

The writer of this proceeds to build upon these figures taken from the "Herald" to gain the greater weight from the reputation of that paper for reliability, an argument to show that the scheme is intended to benefit the Western Counties Railway Company at the expense of the other railroads of the Province, that the whole scheme has been concocted in the interests of that company alone. The truth is that the figures, \$1,268,000, occur in the "Herald" through a mere typographical error, for \$268,000, and that the writer knew this was a typographical error is plain, because he refers to the correct figures, \$268,000, in two or three places. The man who, with that information before him, could deliberately falsify those figures to prejudice the scheme, could do anything. As I said before, I am not going to take any notice of other statements in this pamphlet; as one is, so are they all, and by this one you can judge the others.

There may be some other incidental matters worth referring to, but I will not take up the time of the House with them, but will proceed at once to an examination of the Contract before the House. I shall confine myself to the Contract itself, inasmuch as the act is merely the formal and legal carrying out the terms of the contract.

Now, what is the meaning of this contract? What does it propose to do? I think I may say generally, first, that the company proposes to acquire, at its own cost, all the railroads mentioned in the schedule, that is, the Eastern Extension, the Windsor and Annapolis and the Western Counties Railways. They undertake to complete these railways, that is to complete the line from Yarmouth to Annapolis, in which there exists at present a large gap of about twenty miles of a very expensive character, without the completion of which scarcely any advantage can be obtained from the part already built to the public or the company. They engage not only to complete these lines, but to efficiently equip them and put them in thorough repair. They also engage to construct a railway from Pictou to some point on the Intercolonial

Railway hereafter to be determined upon, as the result of surveys, some of which have been made, and some are still to be made. They also engage to construct a railway from Windsor Junction to the town of Dartmouth, and a railway from the Strait of Canso to Louisburg or some other convenient Atlantic Port in the Island of Cape Breton. They also engage, conditionally, to take up the Nictaux and Atlantic Railway and complete it. This last is the only matter in which the provision in the Contract is not the same as it is in Act. After some time spent in negotiations in London, the company asked to be relieved of that line, and after some consideration the Government thought that, inasmuch as the original company was still pressing to be allowed to go on and finish the work, it would be perhaps unwise to endanger the measure by refusing to accede to the request. If we had insisted on the building of this line as a part of the Contract, as it is thought in some quarters to be of very little value, it might have defeated the whole bargain, and as the defeat of the bargain would also involve the defeat of the Nictaux Road, we thought it better to let this matter remain optional on the part of the company. If by that means we get into the Treasury \$1,350,000 it will justify us in going on with the building of the Nictaux Road. Though I have always been favorable to that railway, and favorable to its completion, once it was commenced, I do not believe the members of this Legislature would consent to the Province going out into the money markets of the world to borrow money for the purpose of completing that road. My own opinion is that it will be a great pity if the Syndicate do not build it, because I would much prefer to see it in the hands of that powerful company, which would complete it and work it afterwards, than in the hands of a relatively small company which may not work it after it is completed.

Now the company undertakes to do all these things, to purchase and complete our system of railways and to build the new ones I have mentioned. On the other hand it receives, first, the only subsidy to be given by the Province, 2,000 acres of crown land per mile, and leases of twenty-five square miles of mineral lands, all in the Island of Cape Breton for the Louisburg Railway. It is true that one part of the Contract provides that if that road is not built, the guarantee of the Government is to be reduced \$900,000, or in other words the interest on \$900,000 at five per cent. The Province, therefore, is giving something to Cape Breton and I think fairly and justly, inasmuch as the Island has contributed to the resources of the Province, and is entitled to railway facilities, and the Louisburg Road will be in reality a part of the trunk line of the Province. For the Pictou Branch we give nothing. For the Dartmouth line we give nothing, for the reasons which I have already stated. I think that the Province would not be justified in aiding the building of two railroads in any county, while so many sections are still without railway accommodation.

We give the right of way in all these cases free, that is, we propose to apply the general provincial act providing a right of way free. The Province also guarantees the interest on the debentures

of the company to the amount of £46,200, equal to \$224,840 yearly.

Now, for this liability, the Province secures the completion of all the existing railways, and about 130 miles of new ones; that is, counting the gap between Digby and Annapolis as a new line, otherwise about 110 miles. This, therefore, is the substance of the Contract, except that, as security for the liability of the Province by reason of its guarantees, the Province receives from the company a first mortgage on all the property of the Company, including not only the railways now constructed, but those which are to be built hereafter.

I propose now to notice the main objections which have been urged against this scheme, and in doing so I will have an opportunity to refer to the effect of the several clauses in the Contract as I proceed. In that way I will be able to point out the advantages of the scheme, and when necessary to explain its provisions. Now the main objections to this scheme are these: first, the increased responsibility assumed by the Province; next, the want of security; third, monopoly. Under these three heads, I think, we can discuss all the objections which have been raised in the press or elsewhere.

When the debate was adjourned last evening I had shown the principal advantages that we obtained by the Contract, the completion of all the existing lines, the building of certain new ones and the return into the Provincial Treasury of \$1,350,000, and that in consideration of these advantages we have agreed to guarantee the securities of the company to the extent of \$224,840 per annum, I was then about to consider in what way the contract which we have entered into secures to us the advantages I had mentioned and what provision was made for the protection of the Province with respect to its side of the bargain. These points I thought could be best considered under three heads; first, the increased liability of the Province incurred by the scheme; second, the security which the Province has for the fulfilment of the contract; third, the question how the public interest can be protected from monopoly, or whether or not a monopoly exists.

Now, in regard to the increased liability of the Province, we must first ascertain how much we are liable for now, before we can estimate our increased liability. It is known to the members of this House that we have guaranteed the bonds of the Windsor and Annapolis Railway Company to the amount of £50,000 sterling, bearing interest at six per cent., so that we are liable for the annual payment of \$15,000 under that guarantee. For the Western Counties Railway we have guaranteed bonds to the extent of £55,000 sterling, bearing interest at five per cent., the interest on which, together with some interest which the Province has already had to pay for that Company, makes our responsibility for that Company a little over \$15,000 a year. Add this to the \$15,000 for which we are responsible on account of the Windsor and Annapolis Railway, and it will make in all \$30,000 as the present liability of the Province in the way of guarantee of interest on the bonds of existing railway companies. By this contract we have agreed to guarantee the payment of interest on bonds to the

extent of \$224,840 a year, as already mentioned; but we are certainly entitled, when calculating our increased liability, to deduct from that sum our present liability, which leaves \$194,840 as the actual increased liability of the Province beyond what it is at present. Now that it is quite fair to make that deduction, I do not think it is necessary to argue. If one man endorses for another a note for \$50 and the maker of the note says, endorse my note for \$100, and I will redeem the \$50 note, the increased liability of the endorser is certainly only \$50. In the same way I do not think it can be disputed that \$194,840 is the actual increased liability of the Province under this bargain. Now what do we get to secure the Province against that? In the first place we receive \$1,350,000, and we have secured for that money an investment in our debt account at Ottawa, which is five per cent. In other words the Dominion Government has permitted us to return the money into our debt account at Ottawa, from which it was originally drawn, upon the same terms upon which it was there before being withdrawn. This investment, therefore, will yield us the annual sum of \$67,500 continuously, which will be always ready to respond to the guarantee. The company also guarantees to place in the hands of the Province an amount which will produce the annual sum of \$54,278. This sum is given to the Province of Nova Scotia for the purpose, if it should become necessary to do so, of applying it towards the payment of the guaranteed interest. These two sums, \$67,500 and \$54,278, added together, amount to \$121,778, which has been provided to meet any interest the Province may be called on to pay. When we deduct that from the \$194,840, there remains the sum of \$73,062 as the actual increased present liability of the Province for all the expensive undertakings embraced in the Contract. I challenge any man in the House or out of it to show the slightest fallacy in these figures. The mere school boy, who has proceeded so far in arithmetic as the rule of three, can verify them.

Now I must draw your attention to the point that it is quite true that of the sums mentioned, the sum to be deposited to produce \$54,278 yearly is not to be deposited in perpetuity, but for forty-one years, while the other is deposited in perpetuity. But who has any fear that in forty-one years these railways, even if the debt should not be paid, will not be a better property than they are to-day, and yielding large returns? Now, then, while \$73,062 is the total increased liability incurred by the Province for all these undertakings, the late Government spent two millions of dollars, bearing interest, amounting to \$100,000 a year,—a sum larger than this we are incurring. In other words, they increased a liability of the Province forever of \$100,000, by taking these two millions out of the Treasury at Ottawa, for the purpose of encouraging two or three lines of railway, not one of which they completed. Surely, therefore, we are justified in incurring a liability twenty-five per cent. less in consolidating the whole railway system of the Province, and, in addition, in obtaining the building of 130 miles of railroad. If we took no other ground than to be judged by the example of our predecessors, we would be justified. But what do we receive? For this consideration we receive

the following obligations and undertakings by the Company. I do not know exactly what it will cost to complete all the contracts which the Company has undertaken—perhaps no person can tell—but this estimate is a reasonable one; to complete the old lines and thoroughly equip the whole road from end to end with machine shops, rolling stock, etc., \$1,500,000 would not be excessive; for the completion of the new lines I have put down the sum of \$2,500,000, and I think it is not an extreme estimate; it is possible they may be built for less; if so, it will be to the advantage of the Company and the Province also. Assume that estimate to be correct, and we will receive an outlay of new money for our guarantee to the extent of four millions of dollars. Now examine the figures another way, and compare our increased liability with that incurred by the late Government in the endeavor to construct the Western Counties and the Eastern Extension Railways. The attempt to complete these two roads cost the Province and the Dominion the following sums: the cash subsidy to Eastern Extension, 80 miles, about \$650,000; the Pictou Railway, which I value at \$1,250,000—at which sum it has frequently been estimated—and at much larger sums, the cash subsidy to the Western Counties Railway, 70 miles, \$700,000, and the Windsor Branch, which is valued at \$1,000,000 so that those two Railways were subsidized by the public in one way and another to the extent of \$3,000,000. To build 130 miles of road at the same rate would cost \$2,600,000. We have effected this by an increased liability of \$73,062 per annum, but do not pay a dollar of cash for these additional lines, unless called upon. I think that is plain enough, and I challenge contradiction of the correctness of the comparison.

We have also the additional security that we obtain over these roads a first mortgage, and it is provided in this mortgage that if, for any reason, the Province should be called upon to pay a dollar of the interest guaranteed, the Province has the power to sell the railroads with all their appurtenances. Suppose the roads go into operation, and we have these moneys in the Treasury, and the predictions of our opponents proved true, and we become liable for \$73,062, the sales of the rails and rolling stock of half the roads would more than pay all that we would be liable for.

I will now turn your attention to another objection, that no security has been provided that the company will be compelled to carry out all its obligations, to build and afterwards to work these roads. The first security which the Province has is the first mortgage on the road and equipments, with powers of sale, which you will find set forth in section 15 of the contract. Now what is that mortgage? It is to be as follows:

15. Concurrently with the issue of the proclamation and delivery of the railways and property referred to in the next preceding clause, the Company shall execute and deliver a first mortgage or deed of conveyance, with power of sale of the Railways and entire property embraced in said proclamation, and also all other railways and property which may be constructed and acquired hereafter under this agreement, but exclusive of the lands herein referred to, said mortgage or conveyance shall be made in favour of one or more trustees, to be jointly appointed by the

Government or Company, and shall contain all the requisite and suitable provisions for securing the payment by the Company in London, England, by semi-annual instalments in perpetuity or until the full redemption by payment of the guaranteed securities hereinafter mentioned to the Government, or its assigns, the sum of forty-six thousand two hundred pounds sterling per annum (or about two hundred and twenty-five thousand dollars), together with an additional sum of eleven thousand one hundred and fifty-three pounds sterling per annum (or about fifty-six thousand one hundred and twenty dollars), payable half-yearly, for a period of forty-one years in London to the order of the Government of Nova Scotia, as a Sinking Fund to redeem its guarantee hereinafter referred to, and the Government shall be a party to such deed, and the deed shall also contain provisions and stipulations for the payment by the Government of the said first named sum of forty-six thousand two hundred pounds sterling, when the same shall come to the hands of the Government for interest on the Company's securities, to be guaranteed by the Province as hereinafter specified, and also containing stipulations for the application of the second named sum of eleven thousand one hundred and fifty-three pounds sterling by Government, when the same shall come to the hands of the Government either as a sinking fund for the redemption of the said Government Guarantee, or as otherwise provided in clause 25 hereof, and also containing provisions to secure the continuous operation of the said railways.

That mortgage is to be delivered to the Government at the very time when the transfer is made from the Government to the Company. The object of excluding the lands to be granted to the Company from the mortgage will be quite apparent to the House, because if they were included in the mortgage they could not be disposed of, and the object of the Company is of course to dispose of them and settle them for the benefit of the Company and of the country at large. There are three things provided in that mortgage, first, that the interest guaranteed shall be paid by the Company, and not by the Province; second, that the roads shall be completed and built according to the terms of the contract; third, that they shall be continuously worked by the Company, so that if, in any one of these particulars default is made, the mortgage will be operative. Now, what is their property over which the Province gets a mortgage? We know that it has already cost nine millions of money to build these roads over which we get a first mortgage, and we know further that the Company will require to pay out new money, to complete their undertakings, four millions. There is a total of thirteen millions of dollars. I don't mean to say that the old roads are worth nine millions, because I believe that money has been wasted upon them, but if we put them at half that figure we will not be charged with exaggerating their value. We have, therefore, a property which has cost thirteen millions, and which at all events is worth nine millions, as a security for an increased liability of \$73,062. That is precisely the position in which the Province stands to-day, as far as the contract is concerned. That security contains within itself four million dollars new money, not the money of the Province, but of

the Company, put into these works, thus increasing their value. That is the mortgage which the Province holds as security, not only for the guarantee, but for the completion and continuous working of the railways.

Now let me call attention to the provisions for the completion and continuous workings of these railways. I will turn to section 13 of the contract; I will not read the whole section, because it is in your hands, and you can see the parts to which I direct your attention. It is provided in this section that whenever this contract is ratified by the Legislature, (I have already explained that the time limit to the first of Feb. has been extended by the Company) and all the legislation necessary to carry out the contract is passed, "then the Company shall immediately furnish such other sufficient security as the Governor in Council may require for the due and proper performance by the Company of its obligations, as specified in clauses 1, 2, 3, 4 and 7,"—that is the whole undertaking of the Company. Now, let me turn your attention for a moment to the 5th section of the charter of the Company. After several other particulars, it provides that for the purposes of this agreement, that is, for the working of these railways, etc., "at least the sum of five and a half millions of dollars, as mentioned in the receipt hereunto prefixed, including the previous payment of £52,000 sterling," shall be paid, provided or applied by the Company; and that the Company shall also cause to be paid, provided or applied, such further amounts of its capital as may be required to provide the sinking fund referred to as well as any other provisions of said agreement. Now you will observe by the terms of the contract that until that security satisfactory to the Government is deposited with the Government, no single step is to be taken to render the Province liable for a dollar, or for any of the obligations which it assumes in the Contract. Until that money \$5,500,000, and such other security as may be required is deposited, we are not to assume any responsibility whatever. Now, that is a very important matter, and is overlooked by those who criticise this measure, they shut their eyes to what is good, and continually harp upon the imaginary grievances that do not exist. I have been amused at the criticisms which this measure has met, knowing that the Government have taken such care that there is not a single objection raised by those critics that has not been foreseen and guarded against by the Government; and I think that we have a right to congratulate ourselves that we have so successfully closed every avenue that they cannot find one single argument against it.

It is impossible, as I have said, that any liability can be incurred by the Province until this security is in the possession of the Province. Now how has that been carried out so far? Let me for a short time direct your attention to the receipt which is annexed to and forms a part of this Act. When you look at that receipt you will acknowledge that it is not very often that such a receipt has been signed on behalf of the Province of Nova Scotia, in fact it has never been done before and I don't know whether it will be done again. I will read the receipt because it is important that it should be read. It is as follows:

Received the 26th day of November, in the Year of Our Lord 1881, from Messrs. Baring Brothers & Co., the sum of fifty-two thousand pounds sterling, being the payment referred to in the Agreement dated the sixth of September, 1881, between the Government of Nova Scotia and Edmund Walter Plunkett. This payment is made in consideration of said Agreement being extended, modified and defined by mutual consent, (and without prejudice to any of its other provisions), as follows:—*First*,—The time for making this payment is extended to this date. *Second*,—The construction of the new line A, specified in said Agreement, shall be optional with the Nova Scotia Railway Company. *Third*,—the Provincial guarantee referred to in said Agreement shall be deliverable to Messrs. Baring Brothers & Co. or order, any time after the Legislature of Nova Scotia shall have ratified said Agreement, but not until the Government of Nova Scotia shall be satisfied that the sum of AT LEAST FIVE AND A HALF MILLION DOLLARS cash, Canada currency, or the equivalent thereof in Government or other bonds or debentures, approved by said Government, shall have been provided for the purposes of said Agreement, and deposited or otherwise secured or applied to the satisfaction of said Government. In case of the non-ratification of the above mentioned Agreement of 6th September, 1881, by the Legislature, the said sum of £52,000 will forthwith be repaid to Messrs. Baring Brothers & Co., with interest at the rate of five per cent. per annum as stipulated in said Agreement, or Messrs. Baring Brothers & Co. will be released from their undertaking to hold the same on behalf of the Government.

S. H. HOLMES,
Provincial Secretary.

Now in connection with this I wish also to draw your attention to the 26th clause of the Agreement, which, if anything were wanting to make this matter doubly secure, supplies that want. I will read the section, which is as follows:

26. The security provided in clause 13 to be given by the Company to the Government shall be from time to time reduced and returned to the Company or its assigns as and in proportion to the completion of the Company's undertakings under this Agreement (sufficient security being reserved for the final completion of such undertakings).

Now what can be clearer than that? Is it possible that any sane man, after reading that clause can for a moment contend that we have not the most ample security, security such as was never dreamed of before in the contracts between the Province of Nova Scotia and railway contractors, such as no person possessing the least common sense in the world could for a moment doubt to be ample for every purpose, for the carrying out of the undertaking in all its details? It says that the money deposited in the hands of the Government as security shall be withdrawn only as the various railways constructed and to be constructed are completed, and to finally crown the whole matter the Government has the power to reserve sufficient security, not only for the acquiring of the old lines, but the building of the new ones, and also for ensuring their working for ever.

Now take this deposit in connection with the first mortgage—a mortgage which actually covers this very money. If the Company should fail the Province would take it, and go on and complete the work itself. When one looks at the terms of this mortgage, no conceivable reason can be adduced why the Company should allow the Province of Nova Scotia to pay one dollar of interest under its guarantee, because if the Province does pay it, the Company is by no means relieved from responsibility, but has only incurred a debt which it must pay with additional interest. There is no reason, therefore why the Company should ask the Province to pay one dollar of the \$73,062. Is it reasonable to suppose that a property, which is going to cost the Company in

cash nine million dollars, will be allowed to be sacrificed for a few dollars of interest. An idea so absurd is so opposed to all the practice of business, to the standing of the Company, with the amount of money they have at stake, that I think it is not necessary that I should say another word in regard to the security. I think you will all acknowledge, and that every person able to reason fairly will see that we have the best security ever received, either by the Province of Nova Scotia or any other place on the face of the earth.

I now desire very briefly to refer to the objection of monopoly, to see what protection the Province has against suffering from any grievance on that head. It has been argued that because the company will be a large one and will own a large property; therefore they will be monopolists. Now this does not follow by any means; it is not the largeness of its property nor the vast means of a Company which creates a monopoly. The consolidation of the various lines of the Province under one management does not create a monopoly, any more than the line from Windsor to Annapolis is a monopoly, or the railway from Digby to Yarmouth. Fortunately for the Province of Nova Scotia nature has provided that there can be no monopoly within its borders. It is so supremely fortunate in its water privileges, surrounded by the sea, full of excellent harbors, that it is impossible that any railway can exact larger tolls than are reasonable. The effect of doing so is to come into direct competition with the water routes. We have had an instance of that in the actual working of railways in Nova Scotia already. All have heard of the late Brydges tariff, when the late Government undertook to work our railways on what was called commercial principles. They raised the tolls, not very high, but to what they considered commercial rates, and the consequence was that the public actually abandoned the roads and took to the highways, so that during that period the railroads actually lost more money than during any other period in their history, until they were actually compelled in their own interests to reduce the rates. That principle of reducing the rates has since been carried out from time to time, and under the management of the present Minister of Railways has been carried even to a greater length than under his predecessors, and the result is that the Intercolonial to-day is earning more money than ever before, with lower rates than ever before, so that instead of an annual loss of half a million dollars, it actually balanced accounts last year, and during the present year it will turn the balance the other way, thus showing the advantage of reducing rates instead of imposing heavy rates on the travelling public, and killing their own business.

The word monopoly does not occur any where in this Act, and I can see no reason for the cry that has been made upon the assumption that it creates a monopoly. But if anything were wanted to satisfy the extremely patriotic anxiety of those who wish to prevent the passage of the Bill, I wish to direct their attention to the fact that the Nova Scotia Railway Act, passed in 1880, is made applicable to all the terms of this contract, and that Act gives the Government the power to regulate the tolls, and provides that if by any mistaken idea of political economy, or any misconception of the true method of conducting their business the managers of the Company, against their own interests and against the interests of the country, should attempt to impose onerous and burdensome tolls we have the means of preventing them from doing

so. The Act that I refer to was passed by this Legislature, with a view of removing and obviating certain difficulties which had arisen in respect to the work of the existing railways. We found ourselves completely helpless in the presence of those companies, which, although so largely subsidized by the Province, were absolutely free from any control on the part of the Government, and were in a position to manage their roads as they please, and to sacrifice the best interests of the Province by driving the trade out of the country, instead of attracting it into the country. In order to meet these objections, and to compel the companies to conduct their business in the interests of the country, as well as in their own interest, we passed this Act, and among other things contained in the Act, I wish to refer to the provision contained in section 17, which is as follows:

"Tolls shall be from time to time fixed and regulated by the by-laws of the Company, or by their direction, if these are authorized by the by-laws, or by the Shareholders, at any general meeting, and may be demanded and received for all passengers and goods transferred upon the railway, or in the steam vessels to the undertaking belonging, and shall be paid to such persons and at such places near to the Railway, in such manner and under such regulations as the by-laws direct."

Now this section primarily gives the power to the Company itself to regulate the tolls, as it is reasonable that it should be given. But the Government reserves to itself the power to see that these tolls shall be fair and reasonable and such as will not be oppressive to the public. Sub-section 9 of the section referred to is as follows:

No tolls shall be levied or taken until approved of by the Governor-in-Council, nor until after the weekly publications in the "Royal Gazette," of the by-law establishing such tolls, and of the Order in Council approving thereof, and by sub-section 10, it is provided further that every by-law fixing and regulating tolls shall be subject to revision by the Governor in Council, from time to time, after approval thereof; and after an Order in Council, reducing the tolls fixed and regulated by any by-law has been twice published in the "Royal Gazette," the tolls mentioned in such Order in Council shall be substituted for those mentioned in the by-law, so long as the Order in Council remains unrevoked.

If, therefore, the tolls should become too high in consequence of change in the trade or improved methods of carrying on their operations, the Government have the power to revise the tolls from time to time as the interests of the country may require. Sub-section 11 reads as follows:

"No by-law of any Railway Company by which any tolls are to be imposed or altered, or by which any party other than the members, officers and servants of the Company are interested to be board, shall have any force or effect until the same has been approved and sanctioned by the Governor-in-Council."

I think that the provisions of these various clauses ought to be a sufficient answer to those who make these objections. By the terms of the Act, the Government has not only the power of fixing the tolls, but also to compel the Company to make traffic arrangements with any other Company which may connect with its lines, and if they refuse to do so, the Government can make the traffic arrangements themselves, which furnishes another and an additional guarantee against any possibility of a monopoly arising out of the passage of this Act.

There is another point to which I wish to refer in this connection, and I would like the people of Nova Scotia to answer this question for themselves: Will they not feel more secure in regard to the benefits which would be conferred, and the security which would be afforded for their interests by having the roads under the control of the Local Government than by having them under any other control? The Local Government is the Government of the Province itself,—the Government of the people which they can make or unmake as they think proper. What better guarantee or security do they want, or how could they feel more safe or better satisfied than by knowing that they were under the control and protection of a Government which is their own creature in every respect, which they can create to-day and turn out to-morrow, just as they think fit, or as they deem them worthy or unworthy to hold their positions. Some people seem to think, and I do not know but that there may be good reason for their thinking so, that they would be a great deal safer if these railways were owned by the Dominion of Canada. I think myself that it is a very doubtful proposition. It may be that while the Dominion Government is friendly to Nova Scotia, as it is at the present time, while it is strongly represented in the Councils of the Dominion, the views to which I have referred may have a good deal of force. But the time may come when it may be altogether different when a new Government may arise that knows not Nova Scotia, and cares not for Nova Scotia, when the interests which it may seek to promote may not be identical with those of this country. In such a case we would find ourselves helpless and powerless. It is quite true that we have our proper and legitimate representation, and if we take care to send good representatives who will not be afraid to stand up for our interests in the Dominion Parliament, we can easily secure our rights, but at the same time if we consider the protection that is offered to us by having these important interests under the charge of the Local Government there is no comparison whatever. And although I would like to see the Dominion Government return us all our money and build all our railroads, I do not know but that on the whole we are doing better than if they were to do so.

There is another point to which I wish to refer while speaking of the security the Province has for the due administration of these interests, and that is the character of the Company that has undertaken to carry out and complete the undertakings. It consists mainly of English capitalists, whose names have been already read in the hearing of the House. In regard to these gentlemen I shall take the liberty of reading an extract from a letter received from the solicitors of Messrs. Baring Brothers, in which they write as follows:—

Sir Henry Tyler as you are no doubt aware is the Chairman of the Grand Trunk Railway of Canada, and we think will be a very useful addition to the Board. Mr. J. W. Batter is a gentleman of experience and is on the Board of several companies in London. Lord Ashley is the eldest son of the Earl of Shaftesbury, K. S., and is a man of high character and influential position. Lord Colin Campbell, M. P., is a brother of the Governor-General of Canada. The Hon. Norman Grosvenor, late M. P. for Chester, is the son of Lord Bury, and both the latter gentlemen are of high character and sound position."

Here then is the character of the English capitalists who have undertaken to come to the Province of Nova Scotia and invest their money

in its public works and railways. You have seen that Baring Brothers have advanced £52,000. That money is in the Treasury of the Province, and they cannot get it back unless the whole sum of \$5,500,000 is paid into the Treasury.

Now, it has been said by some persons that this will all be withdrawn, but any person who reads the Contract and the Act, or who is aware of the facts as they have been before the public for a long time, will not venture to say so. Messrs. Baring Brothers are known to the people of Nova Scotia. They have had dealings with us before; they are the men who, from the time when Nova Scotia first began to build Railways, have advanced the several immense sums of money necessary for their construction. I think I am correct in saying that they advanced the whole amount, or, at all events, by far the larger part of it. This firm, therefore, knowing the Province of Nova Scotia, and being acquainted with its public works, which they themselves assisted in constructing, have agreed to advance the money to the Company of English gentlemen, whose names stand beyond reproach in all the walks of life, and they have become the bankers of the Company. Directors of the Company have been appointed in the Province of Nova Scotia, four Nova Scotian gentlemen having been chosen as Directors, in whose hands will be placed the practical management of the enterprise, because the Act provides that the business of the Company, that is, the business of managing all these railways, and seeing that they are effectually worked, is to be carried on in the Province of Nova Scotia, and not in England. These capitalists and bankers have therefore paid the high compliment to the people of Nova Scotia of choosing these Directors, and in doing so have given us an assurance that they intend to work these roads in a *bona fide* manner, and in the interest of the people of this country. What better security could the Province have for the efficient and satisfactory working of the enterprise than the fact that they have selected such men as I have referred to for the purpose of managing this vast enterprise, which is almost equal to half the Pacific Railway itself, and almost equal to the Intercolonial Railway in regard to the length of road and the importance of its character as a commercial work.

Now, we sometimes hear a most wonderful objection urged by the opponents of this scheme, and that is that these Railways will be found to be a worthless lot of rubbish, that no man would give a dollar for. It is somewhat inconsistent to find the very same people saying almost in the same breath that the Government and the Legislature of Nova Scotia are about to sell the most valuable assets of the Province for a song. Of course those who will not and cannot speak the truth cannot at all times be consistent. There is one way of being consistent, and one way only; that is, to tell the truth, and if a man makes up his mind to tell lies and at the same time be consistent, he undertakes that which no man can ever successfully accomplish. We find, therefore, that those who urge the specious objection to which I have referred fall into the difficulties always experienced by those who make up their minds to prefer a lie to the truth. Now, do you think that those men whose names I have mentioned, including the chairman of the Grand Trunk Railway Company, do not know what kind of a bargain they are making, or that they are entering into an enterprise which will require an expenditure of some nine millions of dollars without knowing what they are doing. The idea is absurd. If these railways

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are really worth nothing then I think the Government of Nova Scotia may claim the credit of being very clever people, if they have succeeded in pulling the wool over the eyes of Mr. Plunkett and such eminent capitalists as compose the Directorate, and in addition have also inveigled into the scheme such men as the Baring Brothers, who are among the first, if not the first bankers in the world to-day, whose word given for the obtaining of any amount of money or the performance of any obligation that they may undertake, will be taken before that of any man or Company on the face of the world to day, not excepting the Rothschilds,—then I think that the Government can claim, as I have said, the credit of being remarkably clever in the conduct of their negotiations. These are the men that we have been so astute as to hood-wink into purchasing a lot of rubbish called railways, and these are the men from whom we are about to extract nine millions dollars in cash, for which we are only to become liable for \$73,062, representing about a million and a half of capital; and that is the story which these people ask the members of this House and the people of this country to believe. Was ever anything more absurd on the face of the earth? I do not recollect ever even reading of anything so absurd.

Now, it may be said, and has been said that this is all very good for the Province of Nova Scotia, but that, if it is good for Nova Scotia, it must be as bad for the Company as it is good for the Province. I dispute that position entirely and absolutely. I say it is a good bargain for the Province, and it is just as good a bargain for the Company. I have already shewn that about nine million dollars have been expended in the construction of the several works that they propose to acquire—even if we estimate those roads at half that amount. That is a very considerable sum; but the House must recollect that in this bargain there are two great presents for which the Province of Nova Scotia pays nothing, and which go to the benefit of the syndicate. We know that the Pictou Branch Railway, from Truro to the Town of Pictou, a railway extending 52 miles through one of the best districts in the Province of Nova Scotia, or in the Dominion of Canada as respects its paying qualities, because it runs not only through a thickly peopled country, but through a country abounding in sources of traffic, consisting of inexhaustible supplies of mineral wealth, yielding a perpetually increasing traffic, becomes the property of this Company under the terms of the contract. That was a railroad which the Dominion Government threw into the hands of men who were incapable of making use of it for the benefit of the Province, but which this Government and this Legislature have succeeded in recovering for the Province. Again, there is another large present, consisting of the Windsor Branch, which is practically thrown into the hands of the Company and ensures to their benefit. These are extensive and valuable roads, built by the Government, running through the territories yielding the best returns made by railways in the Province of Nova Scotia, besides which the Syndicate will also have another large gift which, although it does not cost the Dominion Government anything, nor the Province of Nova Scotia, will be extremely valuable to the Syndicate—that is the running powers granted from Truro to Halifax, upon terms so favorable that it is almost equivalent to their owning the road itself. Here then we have the Pictou Branch, 52 miles, running powers over the Truro Road, 62 miles, and the Windsor Branch, 43 miles, making in all 157 miles.

of railway, the greater part of which will be absolutely, and all of it practically at the service of the Syndicate. It is owing to these advantages and powers acquired by the Government of this country, step by step, that we have been enabled to make a bargain under which every important interest of the Province is protected, and the Syndicate is able to make us a payment of \$1,350,000 into the bargain. They know perfectly well that these roads are going to pay, because they form a part of what must be the Grand Trunk line that will at some time, before long, become the highway of travel between America and Europe, and all of them run through valuable districts of the Province, which promise them handsome returns for their outlay. If this were not the case it must follow that those roads ought never to have been built, and that the building of them was a mistake. I had thought that the people who had cherished these views had long ago departed, but I find that some of those fossils are still remaining who insist that these railways are not and never will be a paying speculation. If I thought so myself I think I would pack my carpet-bag and go somewhere else, where railways do pay, because I do not think there is a place in the world where they do not pay and cannot be made to pay, except this wonderful Province of Nova Scotia. In all other parts of the world, they not only pay expenses, but make money for their owners, even where they have cost much larger sums than these roads are going to cost the Company that proposes to take them.

Several causes have conspired to enable the Government to negotiate this bargain. The House is well aware that at the present time a large amount of money, which used to be invested in Eastern and Asiatic securities, has been withdrawn. Formerly British capital used to prefer such securities as those, and there was a prejudice against the investment of any money in America and particularly in Canada, which extended itself to Nova Scotia as well. Now, if this enterprise had been launched a number of years ago, or even perhaps two or three years ago, it would not have been successful, simply because of the deeply rooted prejudice in regard to the value of the Canadian enterprises and securities. The railway experience of the Dominion has been somewhat unfortunate, and has tended, no doubt, to prejudice English and American capitalists against investing their money in them. But it has recently turned out that railroads, which formerly were a burden to their proprietors, are now yielding handsome returns, and a revolution has taken place in the opinions of capitalists with regard to such investments. Owing, therefore, to these causes I have mentioned, to the accumulation of capital, which formerly sought investment in eastern securities, to the removal of prejudices that formerly existed against Canadian investments, and to the fortunate position of our public works, which has been brought about by the efforts of the Government, we have been enabled to attain the happy result embodied in the bill now before the house, which I believe, will be productive of very great benefit to the Province of Nova Scotia.

Let me now enquire for a few moments what these roads are costing the new Company. We know that some of the roads built by the Province of Nova Scotia cost \$50,000 a mile, and hardly any of them cost under \$40,000. Latterly some have been built at a lower rate. I have shown you that these roads have cost in all about \$9,000,000. I do not know the exact figures; and nobody knows, as I have already

said,—but I think that \$9,000,000 may be assumed to be the amount which will be required to enable the Company to purchase the existing lines and complete them and build new ones. At any rate it will not vary much on either side from the sum I have named. Now the length of railroads which they will then own, exclusive of the Nictaux and Atlantic road, should they not take up that line, will be 450 miles, making an average cost of \$20,000 a mile, for which cost they are to obtain a system of railways extending from one extremity of the Province to the other, and running through all these most valuable and fertile districts. I think that it is a pretty fair bargain, but I think we may fairly add to that the running powers between Truro and Halifax, a distance of 62 miles, making their total railway system 512 miles, which will bring the average cost something below \$18,000 a mile.

So that when this bargain comes to be looked at in all its details, and everything in connection with it is taken into consideration, I do not think there is room to assert that it is a bad bargain either for the Company or for the Province. At all events I have no doubt that those who may live even a very short time, say ten years from this date, will have the satisfaction of seeing these roads paying handsome dividends upon their outlay, and conferring great benefits upon the Province, and should I then be living, I hope that I may have the pleasure of referring to the statements that I am now making. I am sure that we will not be very much put out if those croakers who are predicting misfortune for the English capitalists, and who in the same breath prophecy misfortune and calamity for the Province of Nova Scotia, are disappointed as to both predictions. If they should prove to be false prophets there will not be very many tears shed, either here or elsewhere.

Now, the Government are not in a position to give such complete and authentic details of the earnings of the existing roads as would enable the House to make an exactly correct estimate. Under the Nova Scotia Railway Act, among other things which I think were beneficial to the public interest there is a clause which provides for a monthly return of the trade of the roads. Before that Act was passed we knew nothing at all about them. We did not know whether they were paying or not. They might be earning immense sums of money for all that we knew, but if we inquired into the matter they were able sometimes to laugh in our faces or to intimate that we were asking impertinent questions. Since the passing of the Act of 1880 the Government has been in receipt of returns which may or may not be accurate, but we have done the best we could to obtain accurate knowledge. No doubt some people can swear to very wonderful things and others have means of concealing the real truth, but at all events we have enabled the country to have some knowledge of the nature of the railways which it has so heavily subsidized. Now it is impossible to obtain a strictly correct estimate of the real value of the earnings of these roads, because some of them are incomplete. The paying qualities of the Western Counties Road cannot be fairly judged when there is a gap between Annapolis and Digby, and the Windsor and Annapolis Railway for a long while was losing money, partly because they seemed to be purposely putting their rates at such a figure as would compel the Dominion Government to give them back the Windsor Branch. The road is now worked under a more beneficial system, but there is still a loss in conse-

quence of the want of unity of management. The Province has no means, whatever, of obtaining returns upon the Intercolonial. In fact, it does not keep separate accounts of its various sections. The earnings are distributed over the whole length of the road, and the Government are unable to obtain anything but an approximate value of the Nova Scotia sections, such as the Pictou Branch and the line between Truro and Halifax. The Halifax and Cape Breton Company have only recently completed their line, and therefore it is not possible to make an exactly correct estimate of the probable trade over that road. Under these circumstances, the Province was not in a position to obtain such an exact account of the receipts of these roads as would enable them to furnish any parties with whom they attempted to deal with reliable information on this point. Nor, did they deem it advisable to do so, because on the one hand, if they had estimated the returns at too high a figure the Company might afterwards reproach them with presenting an inflated statement, and on the other hand if they had named too low a figure, they would prejudice their chances of making a favorable bargain. Therefore in negotiations between the Government and the Company there was no estimate made of the probable value of those roads, but the Companies were left to ascertain and determine for themselves, and take upon themselves the responsibility of judging whether they were worthy of being acquired or not. Notwithstanding this, however, the Government did, for its own satisfaction take the precaution of asking some gentlemen in whom they had confidence to go over the lines and estimate as nearly as possible their paying qualities. The first estimate was made with a view of ascertaining the value of the Pictou Branch and Eastern Extension. The Government then asked Mr. Lynskey who is well known in this Province as having managed the Western Counties Railway while it was in possession of the Windsor Branch, and whose management I think gave great satisfaction to the Company as well as to the country. We asked him for an estimate as near as he could make it, and he did so as well as was possible with the unclassified returns of the Intercolonial Railway at Moncton. His report bears date November 20th, 1879, and contains the following information:—

“Owing to the short time and want of figures giving details of the business of the Pictou Branch, I can only give you a probable estimate of what it will earn for the current year, say ten months, ending 31st October. The coal from the different mines 172,000 tons; freight of other kinds, 19,942 tons; and passengers carried, 88,549. I think I am quite safe in adding 28,000 tons for November and December, and 6,000 tons of other freight. 11,000 passengers, which is below the average. I have divided the traffic as follows:

Londonderry Works, 50,000 tons.....	\$ 18,000
Pictou Harbor, 50,000 tons	5,100
Halifax and other points, 12,000 tons	50,400
Freight of other kinds, 25,000 tons.....	40,000
Passengers, 100,000	80,000
Mails and Express	6,500

Working Expenses.....	\$200,000
Net Earnings	120,000
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Mr. Lynskey also stated in his Report that if running powers to Halifax could be secured they would add \$10,000 to the net earnings of the road. With reference to the Halifax and Cape Breton Railway Mr. Lynskey says in his report "I have no hesitation in saying that before five years the Pictou Branch and the new line, Eastern Extension, would pay \$100,000 in profits per annum. If well equipped and carefully managed it would be good commercial value for \$80,000 per annum, if the tonnage said to be carried for the present year is correct. If it was for competition I would have no objection in guaranteeing the above amount on a three or five years lease." Owing to the incomplete condition of the road at that time, and also to the fact that he could not devote the necessary time Mr. Lynskey was not able to give us perfectly reliable information. Subsequently we thought it advisable to have a still more carefully prepared report and we employed Mr. Carvell, a gentleman well known to the members of this House and well known to the country at large, as having managed the Intercolonial Railway before Mr. Brydges. He took the pains to go into the office at Moncton, under the liberty to do so which we had obtained, and made an examination of the works and of the returns of freight. This Report was made in the same year as Mr. Lynskey's, in the month of December, 1879, about a month after Mr. Lynskey's report, and was based on the rates of freight actually paid,—and at this time they were carrying coal from the Albion mines to Londonderry Mines at 25 cents a ton,—a rate almost unheard of. He made up the actual net earnings of the Pictou Branch \$43,539 and the earnings of the Eastern Extension \$12,228, which added to the earnings of the Branch makes \$56,000 as the probable estimate of the earnings of those roads based upon the rates at which freight was then carried which we know were extremely low. Of course these estimates were not given to the parties with whom we were negotiating for the reason I have mentioned. We preferred to say to them: "there is the railway system; examine it for yourselves, and if you find it is worth any money, make us an offer and we will deal with you." These, however, were not our only means of judging of the value of these works. During the present year we had an estimate from the Provincial Engineer of what he considered the roads would earn, provided they were completed, taking as a basis the imperfect returns already alluded to, and he came to the conclusion that on the whole he felt justified in making an estimate of \$200,000 a year net profit. Mr. Murphy is well known as an engineer of very great care, in whose statements every confidence may be placed. We are very much indebted to him for the valuable assistance he has rendered in enabling us to deal with the various complicated matters arising from the inextricable confusion in which we found the railways of the country. He is a gentleman in whose integrity and professional skill the House I think has the utmost confidence. (Cheers.) But, whatever argument may be used to show that the existing lines, whether separately and independently of one another, and sometime in hostility to one another, can still be worked at a profit, such estimates form no criterion whatever for an estimate of what those railways would yield if consolidated, and placed under one management. That must be too self-evident to every person to require any argument to prove it. It is self-evident that under a single management, with the same officers, with the same object in view, with no opposite and divided interests to

serve, and no obstructive arrangements to traffic and the use of connecting lines, they would possess advantages which cannot possibly be presented by the unfinished and disjointed lines that stretch over the face of the country.

Before closing, I must refer to the question of some roads left optional, which I have explained to some extent already. The town of Pictou has undertaken to relieve the Company of the expense of running a ferry, and has agreed to take the working of that ferry into its own hands, which, I believe, it can manage with more efficiency and better results to local business than the Company could. At present the steamer that runs between Fisher's Landing and the Town runs only seldom, and in order to meet the trains at distant intervals. It does not accommodate the local traffic and compels the people to supplement the services of the ferry with sailing boats. By taking the management into their own hands and running the ferry to suit themselves they will have better accommodation than is now afforded to them by the railway ferry. At all events they have agreed to assume its management, and the Minister of Railways has agreed to furnish the rails. But we made that road optional, because we could not compel the performance of these conditions and did not wish to imperil the whole bargain. I think the people of Pictou have every reason to feel gratified that a railway has been included in the arrangement, which will connect the Town of Pictou with the Intercolonial, and obviate the present inconveniences. The same remarks apply to the Dartmouth Railway, because the Town of Dartmouth agreed to give a certain sum of money, but inasmuch as the Province of Nova Scotia ought not to be asked to assume the responsibility of the \$4000 a year to build a second railway in the County of Halifax, we left this road optional with the Government also. With regard to the Nictaux and Atlantic road, there was some question as to the power of the Government to acquire that road. The matter was in a very complicated condition, and if we found it was impossible to acquire the road, we did not wish to be bound to do so, and therefore it was left optional with us, so that if we should succeed in overcoming the difficulties that were in the way, we might go on with it. The railway from the Strait of Canso to Louisburg, or some other convenient Atlantic port, is also included among the optional lines. With regard to that railroad we were giving a grant of 2,000 acres of crown lands per mile, and twenty-five square miles of mineral lands; and were also asking the counties, as we asked all others, to provide the right of way. We were therefore imposing obligations upon them without knowing very well whether it would be satisfactory to the people or not, and although the option is reserved, it was intended that, if the line was satisfactory to themselves, and if they could agree upon it and would offer no obstruction in furnishing the crown lands and the right of way,—it is intended by the Government that the road shall be built. It forms a part of the scheme, and we have power to make the Company construct it.

In closing I would direct attention for a few moments to the benefits which the Province may expect to receive from the Contract. In 1878 we had, as you are aware, expended all our moneys to the credit of the debt account at Ottawa, in the attempt to construct certain railroads, not one single one of which, except the Spring Hill and Parrsboro' Road was completed, and in the state in which they then were there

was no hope whatever of seeing them completed. We have now placed before you a measure by which we not only secure the completion of these Railways but the assurance and security that they shall for all time to come be satisfactorily and efficiently worked, and we have obtained in addition to that the construction of a large extent of new Railways, which if we were to devote to them the large subsidies that were paid to the Railways before 1878 would cost an additional sum of at least \$2,800,000, and we get them constructed without their costing the Province of Nova Scotia one dollar. These are the benefits that we derive from the Contract in respect to our railways. But not only this. When a powerful Company like that with which we are negotiating organizes a system of railways in the Province of Nova Scotia they are not going to stop there. They have taken power to construct certain other lines in this Province and they have not taken that power without meaning something by it. I have no doubt that as soon as they have completed the system in such a way as to justify them in commencing new undertakings, they will do so, and extend their railways to other parts of the Province which have not yet received any of the benefits to which they are entitled as well as those who enjoy them.

I know that there may be a diversity of opinion on this point, and some counties that have not received any direct benefit from railways may feel that they are not provided for in this measure. But I do not think that they should take the position that, because we do not build railways to every creek and corner of Nova Scotia, they should oppose a measure that is to complete the system now existing in an unfinished condition over the face of the country. That would be a suicidal policy for those sections to pursue, because if the measure were to be defeated it would only throw the Province back in respect to its railway enterprises into the unfortunate position in which it was situated three years ago when we assumed the administration and when there was no more apparent prospect of its ever reaching the happy condition in which it was now found, than there was of flying to the moon. If this present happy conjunction of circumstances is not taken advantage of at the present time the opportunity will not come again for many a long year.

The proposed arrangement also improves our financial condition. It returns to us \$1,350,000 of the money we have expended. This is a vast improvement of our financial condition, and it arises by reason of this railway measure, and by this alone. It brings back into the Treasury at one sweep the money which had been abstracted from it and squandered in the most improper manner, and restores the country to the financial condition in which it stood before that disastrous system was adopted of dealing out the public money without regard to security by which the Province was brought to the very verge of bankruptcy. The Legislature can congratulate itself that by reason of a favourable concurrence of circumstances they have been able to lift the Province out of the mud both as to its railways and as to its financial condition. When we contrast the condition of the Province to-day in this matter with what it was three years ago we have reason to congratulate ourselves that we have escaped great dangers and steered the ship of state into calm water and prosperous courses, and have done, to the best of our ability, our duty to the Province of Nova Scotia. We will now be enabled, should this measure not be defeated, to offer to the people of

the different counties increased road grants. The very first step that we had to take when we assumed the administration of affairs was to cut down the road grant to one half of its former proportions, and we used to be reviled in the Opposition press because we were obliged to cut down the road grant in consequence of the extravagance of the Administration they had supported. Their Administration had spent the money and wasted it upon useless and frivolous objects, and having thus wasted the money they had the unmanliness to charge us with not being able to give the same grants that they were accustomed to give before the money was taken from the Treasury. Again, will not some benefit result to the Province from the expenditure of this new money that is to be brought into the country by the capitalists of London? They purpose to expend \$4,000,000. Will not that be of some benefit to the people of this Province? Yet if this measure be defeated, we lose all that, and leave the railroads and finances of the country and everything else in the miserably unfortunate state in which we found them, and the members of this House will be rejecting, as it were, all the funds which the Government's administration aided by their scheme, has been instrumental in securing.

I have, Mr. Speaker, endeavored to discuss this subject in a fair and candid manner. If I have made any mistakes they have been unintentional and not designed to mislead the House. I am well aware that there are a number of points which in dealing with so large a subject I have necessarily omitted to refer to, and that my presentation of the question has not been in all respects as clear and explicit as I had desired to make it. I believe that if in any respect I have erred, it has been in not presenting the question as favorably as its merits demanded. I now beg to thank the members of this House, one and all, for the assistance they have heretofore given the Government in sustaining them in their endeavors to retrieve the fortune of the Province. I say this not with the desire of courting their support in this matter, but because I felt it is due to them to say that, as a general rule, the Opposition in this House give a hearty and cordial support to every measure which the Government introduce, which they believe to be for the benefit of the Province, and for that I thank them. With regard to this measure, if it is their sincere conviction that it will be disastrous to the country, let them vote against it. I do not anticipate such a result, because I think it must present itself to them in such a manner as to enable them to feel that in supporting such a measure they are only pursuing the course, which as a general thing they have adopted from the time of the first meeting of the House in 1879 to the present hour, in strengthening the hands of the Government in their endeavor to retrieve the financial condition of the Province. (Cheers.)

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